

June 2, 2005

The Honorable Cliff Thael
Chairman, Leon County Board of Commissioners
Office of the Leon County Board of Commissioners
Leon County Courthouse
301 South Monroe Street
Tallahassee, Florida 32301

Subject: Incentives for Corporate Headquarters / Assembly Plant

Dear Chairman Thael:

Thank you for meeting with me today. Please consider this letter as a request for consideration per our conversation.

Our area has been selected as a final four community out of 150 communities to be further considered for a corporate headquarters and assembly plant relocation. The company is considered to be of the highest "green" standards due to its products being friendly on the environment as recognized by two national governments. This project would start with 90 employees during the first year and grow to 150 or more by year three. A table of planned positions is listed below.

<u>Position:</u>	<u>Number:</u>	<u>Wage Range:</u>
Executive	8-10	\$101,000-198,000
Engineering	15	\$32,000-69,000
R&D	7-10	\$34,000-105,000
Manager/Supervisor	10-12	\$42,000-72,000
Accounting & Admin	6	\$12/hr-68,000
Marketing	4	\$40,000-65,000
Assembly & Machine Operators	30-40	\$12-20/hr

The Florida State University Center for Economic Forecasting calculates the following annual benefits from such a company locating here:

New Area Annual Payroll—\$16,378,198
New Company Jobs—120 (150 at year three)
Indirect Job creation—219 (other jobs within the area)
New Annual Local Taxes—\$1,465,851 (per year, fees, local property)

Based on these benefits that the company would bring to our community, I recommend the following incentives be offered. Under current state programs, the company is entitled to the Qualified Target Industry Incentive (QTI) program which is good for approximately \$270,000 based on the company's promised job numbers. The Qualified Target Industry tax refund

incentive is available for companies that create high-wage jobs in targeted high value-added industries. This incentive includes refunds on corporate income, sales, ad valorem, intangible personal property, insurance premium, and certain other taxes. The local match has been provided for in a special savings account for this program established at the EDC.

Training expenses would be provided for the company. This would be possible through a grant up to \$200,000 from the Quick Response Training Program (QRT), Workforce Florida and Workforce Plus. Enterprise Florida would be asked to contribute \$650,000 to help land the project. An additional \$270,000 would be available if the company located in our Enterprise Zone.

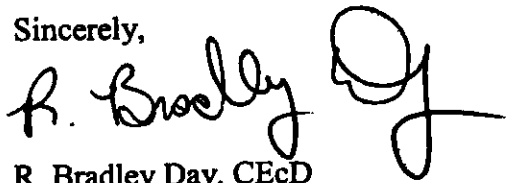
The local Targeted Business Pilot Program (TBPP) would be good for an approximate \$300,000 refund to the company. Targeted Business Pilot Program (TBPP) is an initiative to induce business growth that is beneficial to the City of Tallahassee and Leon County. The TBPP offers incentives to new businesses that create value-added jobs within the City of Tallahassee and Leon County. The program also seeks to reward businesses that locate in designated target areas for economic growth and development; that build environmentally sensitive projects; that do business with other local businesses; and that practice good corporate citizenship. A waiver of some or all development fees and a property tax reimbursement are calculated based on jobs created and total investment.

Tallahassee Community College has indicated an additional \$100,000 in training funds would be available beyond the QRT program. This total incentive package is worth \$1,790,000. The EDC would assist the company in taking full advantage of these incentive programs. An additional direct incentive could move this total incentive to a value of \$5,000,000.

In addition to these statutory incentives, it is proposed that an additional direct incentive of \$1,605,000 from the county matched with \$1,605,000 from the city be used to complete the incentive package from our area. The incentive would be structured with payments being made the end of the first, third and fifth years. The amounts would be \$675,000; \$475,000; and \$475,000, respectively. These payments would only take place in a legal fashion based on a contract with "claw-backs" or contractual assurances that job numbers and payroll were being met. Further protections could include provisions that land, building, or equipment could serve as leverage for performance expectations. Also, ongoing verification from the TBPP review committee could further protect the public interest in the deal.

This is the maximum level of incentive that I would recommend for this project based on the information that I have received from the company. Please call me at 224-8116 if I can answer any questions about this project.

Sincerely,



R. Bradley Day, CEcD
Executive Director